

Mr. William Pinder, President
Sea Island Comprehensive Health Care Corporation
d/b/a Hermina Traeye Memorial Nursing Home
Post Office Box 689
Johns Island, South Carolina 29457

Re: AC# 3-HER-B7 – Sea Island Comprehensive Health Care Corporation
d/b/a Hermina Traeye Memorial Nursing Home

Dear Mr. Pinder:

The accompanying report has been prepared by our office based on your Medicaid Financial and Statistical Report submitted to the Department of Health and Human Services for the cost report period November 23, 1996 through February 8, 1997. That report was used to set the rate covering the contract periods beginning November 23, 1996.

We are recommending that the Department of Health and Human Services certify an accounts receivable to recover amounts due as a result of the rate change shown on Exhibit A. You will be notified of repayment terms by that Agency.

If you take exception to this report in any manner, you have the right to appeal in accordance with the Code of Laws of South Carolina, 1976 as amended, Title 44, and Department of Health and Human Services Regulation R.126-150, and you must respond in writing within thirty (30) calendar days of the date of this letter. This written response must address the specific items in the report being appealed, and must be directed to the Appeals and Hearings, Department of Health and Human Services, Post Office Box 8206, Columbia, South Carolina 29202-8206. Any correspondence should include the control number appearing on Exhibit A of this report.

Thomas L. Wagner, Jr., CPA
State Auditor

TLWjr/sj

cc: Ms. Brenda L. Hyleman
Mr. Jeff Saxon
Mr. Mac Carroll

**SEA ISLAND COMPREHENSIVE
HEALTH CARE CORPORATION D/B/A
HERMINA TRAEYE MEMORIAL NURSING HOME**

JOHNS ISLAND, SOUTH CAROLINA

**CONTRACT PERIODS
BEGINNING NOVEMBER 23, 1996
AC# 3-HER-B7**

**REPORT ON CONTRACT
FOR
PURCHASE OF NURSING CARE SERVICES
WITH
STATE OF SOUTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES**

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

October 23, 1998

Department of Health and Human Services
State of South Carolina
Columbia, South Carolina

We have performed the procedures described below, which were agreed to by the South Carolina Department of Health and Human Services, solely to compute the rate change and related adjusted reimbursement rate to be used by the Department in determining the reimbursement settlement with Sea Island Comprehensive Health Care Corporation d/b/a Hermina Traeye Memorial Nursing Home, for the contract periods beginning November 23, 1996 and for the four month cost report period ended February 8, 1997, as set forth in the accompanying schedules. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Department of Health and Human Services. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

1. We tested selected costs or areas based on our analytical procedures applied to the reimbursable Medicaid program costs as shown on the Financial and Statistical Report for Nursing Homes, as filed by Sea Island Comprehensive Health Care Corporation d/b/a Hermina Traeye Memorial Nursing Home, to determine if these costs were allowable as defined by the State Plan for Medicaid reimbursement purposes and supported by accounting and statistical records maintained by the provider. Our findings as a result of these procedures are presented in the Adjustment Report and Summary of Costs and Total Patient Days sections of this report.
2. We recomputed the Computation of Reimbursement Rate using the adjusted costs and calculated the rate change in accordance with the provisions of the contract between the Department of Health and Human Services and Sea Island Comprehensive Health Care Corporation d/b/a Hermina Traeye Memorial Nursing Home dated as of October 1, 1994 as amended. Our findings as a result of these procedures are presented in the Computation of Rate Change and Computation of Adjusted Reimbursement Rate sections of this report.

Department of Health and Human Services
State of South Carolina
October 23, 1998

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the South Carolina Department of Health and Human Services and is not intended to be and should not be used by anyone other than the specified party.

Thomas L. Wagner, Jr., CPA
State Auditor

SEA ISLAND COMPREHENSIVE HEALTH CARE CORPORATION
d/b/a HERMINA TRAEYE MEMORIAL NURSING HOME

Computation of Rate Change
For the Contract Period
Beginning November 23, 1996
AC# 3-HER-B7

	11/23/96- <u>02/08/97</u>
Interim reimbursement rate (1)	\$79.64
Adjusted reimbursement rate	<u>75.37</u>
Decrease in reimbursement rate	\$ <u><u>4.27</u></u>

(1) Interim reimbursement rate from the South Carolina Medicaid Management Information System (MMIS) Provider Rate Listing dated July 17, 1998

SEA ISLAND COMPREHENSIVE HEALTH CARE CORPORATION
d/b/a HERMINA TRAEYE MEMORIAL NURSING HOME
 Computation of Adjusted Reimbursement Rate
 For the Contract Period November 23, 1996 Through February 8, 1997
 AC# 3-HER-B7

	<u>Profit Incentive</u>	<u>Allowable Cost</u>	<u>Cost Standard*</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services	\$ -	\$37.15	\$37.15	\$37.15
Dietary	<u>-</u>	<u>7.58</u>	<u>7.58</u>	<u>7.58</u>
Subtotal	<u>-</u>	44.73	44.73	44.73
Laundry/Housekeeping/Maint.	\$ -	8.40	8.40	8.40
Administration & Med. Rec.	<u>-</u>	<u>10.95</u>	<u>10.95</u>	<u>10.95</u>
Subtotal	\$ <u>-</u>	64.08	\$ <u>64.08</u>	64.08
<u>Costs Not Subject to Standards:</u>				
Utilities		3.64		3.64
Special Services		-		-
Medical Supplies & Oxy.		1.71		1.71
Taxes and Insurance		.60		.60
Legal Fees		<u>-</u>		<u>-</u>
TOTAL		<u>\$70.03</u>		70.03
Inflation Factor (N/A)				* -
Cost of Capital (Interest and Depreciation Only)				5.34
Cost of Capital Limitation				-
Profit Incentive (Max. 3.5% of Allowable Cost)				* -
Cost Incentive - For Gen. Serv. & Dietary				* -
Effect of \$1.75 Cap on Cost/Profit Incentives and Cost Sharing				-
Minimum Wage Add On				* <u>-</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$75.37</u>

* Provider held to actual cost while under temporary management. Therefore, cost standards, inflation factor, incentives and add ons are not applicable per State Plan, Attachment 4.19D.

SEA ISLAND COMPREHENSIVE HEALTH CARE CORPORATION
d/b/a HERMINA TRAEYE MEMORIAL NURSING HOME

Summary of Costs and Total Patient Days
For the Cost Report Period Ended February 8, 1997

AC# 3-HER-B7

<u>EXPENSES</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
General Services	\$366,055	\$ 4,983 (4) 2,848 (6)	\$ 423 (2) 722 (2) 14,226 (5) 988 (5)	\$357,527
Dietary	74,892	-	148 (2) 1,820 (5)	72,924
Laundry	18,913	-	67 (2) 724 (5)	18,122
Housekeeping	35,771	17 (7)	1,374 (5) 211 (8)	34,203
Maintenance	17,364	1,077 (7) 10,033 (8)	-	28,474
Administration & Medical Records	71,544	31,606 (7) 3,196 (8)	956 (5)	105,390
Utilities	32,314	1,085 (7) 57 (8) 1,603 (9)	-	35,059
Special Services	-	-	-	-
Medical Supplies & Oxygen	20,808	-	4,399 (10)	16,409
Taxes & Insurance	5,382	3 (7) 437 (8)	-	5,822

SEA ISLAND COMPREHENSIVE HEALTH CARE CORPORATION
d/b/a HERMINA TRAEYE MEMORIAL NURSING HOME
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended February 8, 1997
 AC# 3-HER-B7

<u>EXPENSES</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
Legal Fees	-	-	-	-
Cost of Capital	72,689	1,774 (7)	13,085 (1)	51,371
		454 (8)	10,461 (3)	
Subtotal	715,732	59,173	49,604	725,301
Ancillary	949	-	-	949
Non-Allowable	20,350	1,360 (2)	2,848 (6)	2,679
		10,461 (3)	35,562 (7)	
		20,088 (5)	13,966 (8)	
		4,399 (10)	1,603 (9)	
Total Operating Expenses	<u>\$737,031</u>	<u>\$95,481</u>	<u>\$103,583</u>	<u>\$728,929</u>
Total Beds	<u>132</u>	TOTAL PATIENT DAYS		<u>9,624</u>

SEA ISLAND COMPREHENSIVE HEALTH CARE CORPORATION
d/b/a HERMINA TRAEYE MEMORIAL NURSING HOME

Adjustment Report
Cost Report Period Ended February 8, 1997
AC# 3-HER-B7

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Other Equity	\$412,823	
	Accumulated Depreciation	374,833	
	Fixed Assets		\$774,571
	Cost of Capital		13,085
	To adjust fixed assets and related depreciation expense HIM-15-1, Section 2304		
2	Nonallowable	1,360	
	Laundry		67
	Nursing		423
	Dietary		148
	Restorative		722
	To adjust the provider's working trial balance to the general ledger HIM-15-1, Section 2304		
3	Nonallowable	10,461	
	Cost of Capital		10,461
	To adjust interest expense to allowable HIM-15-1, Section 202.2		
4	Nursing	4,983	
	Accounts Payable		4,983
	To record expenses applicable to the current year HIM-15-1, Section 2302.1		

SEA ISLAND COMPREHENSIVE HEALTH CARE CORPORATION
d/b/a HERMINA TRAEYE MEMORIAL NURSING HOME

Adjustment Report
Cost Report Period Ended February 8, 1997
AC# 3-HER-B7

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
5	Nonallowable	20,088	
	Nursing		14,226
	Restorative		988
	Dietary		1,820
	Laundry		724
	Housekeeping		1,374
	Administration		956
	To adjust fringe benefits and related allocation to allowable HIM-15-1, Section 2304		
6	Nursing	2,848	
	Nonallowable		2,848
	To reclassify salary to the proper cost center State Plan, Attachment 4.19D		
7	Housekeeping	17	
	Maintenance	1,077	
	Cost of Capital	1,774	
	Utilities	1,085	
	Taxes and Insurance	3	
	Administration	31,606	
	Nonallowable		35,562
	To properly record allocation of core management cost HIM-15-1, Section 2152		
8	Administration	3,196	
	Maintenance	10,033	
	Cost of Capital	454	
	Utilities	57	
	Taxes and Insurance	437	
	Housekeeping		211
	Nonallowable		13,966
	To properly record allocation of general service cost HIM-15-1, Section 2150		

SEA ISLAND COMPREHENSIVE HEALTH CARE CORPORATION
d/b/a HERMINA TRAEYE MEMORIAL NURSING HOME

Adjustment Report
Cost Report Period Ended February 8, 1997
AC# 3-HER-B7

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
9	Utilities	1,603	
	Nonallowable		1,603
	To properly record allocation of sewer fund HIM-15-1, Section 2152		
10	Nonallowable	4,399	
	Medical Supplies		4,399
	To remove special (ancillary) services reimbursed by Medicare State Plan, Attachment 4.19D		
		\$883,137	\$883,137
	TOTAL ADJUSTMENTS		

Due to the nature of compliance reporting, adjustment descriptions and references contained in the preceding Adjustment Report are provided for general guidance only and are not intended to be all-inclusive.